

**AMENDMENT TO RULES COMMITTEE PRINT 117–****54****OFFERED BY MS. HOULAHAN OF PENNSYLVANIA**

Add at the end of subtitle B of title II, add the following new section:

1 **SEC. 2\_\_\_\_. DEPARTMENT OF DEFENSE ADVANCED TECH-**  
2 **NOLOGY INVESTMENT INCENTIVE PILOT**  
3 **PROGRAM.**

4 (a) ESTABLISHMENT.—

5 (1) IN GENERAL.—Subject to the availability of  
6 appropriations for this purpose, the Secretary of De-  
7 fense, acting through the Under Secretary of De-  
8 fense for Acquisition and Sustainment, shall carry  
9 out a pilot program to accelerate the development of  
10 advanced technology for national security by cre-  
11 ating incentives for trusted private capital in domes-  
12 tic small businesses or nontraditional businesses that  
13 are developing technology that the Secretary con-  
14 sider necessary to support the modernization of the  
15 Department of Defense and national security prior-  
16 ities.

17 (2) PURPOSES.—The purposes of the pilot pro-  
18 gram required by this subsection are as follows:

1 (A) To promote the global superiority of  
2 the United States in advanced technologies of  
3 importance to national security, which are not  
4 adequately supported by private sector invest-  
5 ment.

6 (B) To accelerate the transition and de-  
7 ployment of advanced technologies into the  
8 Armed Forces.

9 (C) To support Department spending  
10 through a loan guarantee to accelerate develop-  
11 ment of advanced technology as described in  
12 paragraph (1).

13 (b) PUBLIC-PRIVATE PARTNERSHIP.—

14 (1) IN GENERAL.—In carrying out subsection  
15 (a), the Secretary shall enter into a public-private  
16 partnership with one or more for-profit persons  
17 using criteria that the Secretary shall establish for  
18 purposes of this subsection.

19 (2) CRITERIA.—The criteria established under  
20 paragraph (1) for entering into a public-private  
21 partnership with a person shall include the following:

22 (A) The person shall be independent.

23 (B) The person shall be free from foreign  
24 oversight, control, influence, or beneficial own-  
25 ership.

1 (C) The person shall have commercial pri-  
2 vate capital fund experience with technology de-  
3 velopment in the defense and commercial sec-  
4 tors.

5 (D) The person shall be eligible for access  
6 to classified information (as defined in the pro-  
7 cedures established pursuant to section 801(a)  
8 of the National Security Act of 1947 (50  
9 U.S.C. 3161(a))).

10 (3) OPERATING AGREEMENT.—The Secretary  
11 and a person with whom the Secretary enters a part-  
12 nership under paragraph (1) shall enter into an op-  
13 erating agreement that sets forth the roles, respon-  
14 sibilities, authorities, reporting requirements, and  
15 governance framework for the partnership and its  
16 operations.

17 (c) INVESTMENT OF EQUITY.—

18 (1) Pursuant to a public-private partnership en-  
19 tered into under subsection (c), a person with whom  
20 the Secretary has entered the partnership shall in-  
21 vest equity in domestic small businesses or nontradi-  
22 tional businesses consistent with subsection (a).

23 (2) Investments under paragraph (1) shall be  
24 selected based on their technical merit, economic

1       considerations, and ability to support modernization  
2       goals of the Department.

3       (d) BRIEFINGS AND REPORTS.—

4           (1) INITIAL BRIEFING AND REPORT.—Not later  
5       than one year after the date of the enactment of this  
6       Act, the Secretary shall provide to the congressional  
7       defense committees a briefing on the implementation  
8       of this section and a report on the feasibility of im-  
9       plementing loan guarantees to enhance the effective-  
10      ness of the pilot program under subsection (a), in-  
11      cluding—

12           (A) a detailed description of how loan  
13       guarantees would be vetted, approved, and  
14       managed, including mechanisms to protect the  
15       government's interests; and

16           (B) how such loan guarantees would be co-  
17       ordinated with other government invest mecha-  
18       nisms or other private sector financing.

19       (2) FINAL BRIEFING.—Not later than five years  
20      after the date of the enactment of this Act, the Sec-  
21      retary shall provide to the congressional defense  
22      committees a briefing on the outcomes of the pilot  
23      program under subsection (a) and the feasibility and  
24      advisability of making it permanent.

1 (e) TERMINATION.—The authority to carry out the  
2 pilot program under subsection (a) shall terminate on the  
3 date that is five years after the date of the enactment of  
4 this Act.

5 (f) DEFINITIONS.—In this section:

6 (1) The term “domestic business” has the  
7 meaning given the term “U.S. business” in section  
8 800.252 of title 31, Code of Federal Regulations, or  
9 successor regulation.

10 (2) The term “domestic small businesses or  
11 nontraditional businesses” means—

12 (A) a small businesses that is a domestic  
13 business; or

14 (B) a nontraditional business that is a do-  
15 mestic business.

16 (3) The term “free from foreign oversight, con-  
17 trol, influence, or beneficial ownership”, with respect  
18 to a person, means a person who has not raised and  
19 managed capital from a person or entity that is not  
20 trusted and is otherwise free from foreign oversight,  
21 control, influence, or beneficial ownership.

22 (4) The term “independent”, with respect to a  
23 person, means a person who lacks a conflict of inter-  
24 est accomplished by not having entity or manager  
25 affiliation or ownership with an existing fund.

1           (5) The term “nontraditional business” has the  
2           meaning given the term “nontraditional defense con-  
3           tractors” in section 3014 of title 10, United States  
4           Code.

5           (6) The term “small business” has the meaning  
6           given the term “small business concern” in section  
7           3 of the Small Business Act (15 U.S.C. 632).

